

FACT SHEET
SB 456
(Chapter 635, Statutes of 2001)

SB 456 was passed and signed into law on October 8, 2001. The law is known as the Health Insurance Portability and Accountability Implementation Act (HIPAA) of 2001 and is in the new Health and Safety Code Sections 130300 - 130317. The law sunsets on January 1, 2008.

KEY COMPONENTS

The law established the Office of HIPAA Implementation (CalOHI) in statute that has statewide leadership, coordination, policy formulation, direction and oversight responsibilities for HIPAA implementation. The law provides CalOHI will the authority to establish policy, provide direction to state entities, monitor progress and report on implementation efforts. The law provides the minimum staffing for the Office.

- **CalOHI shall:**

- Standardize the implementation process used by all state entities.
- Develop a master plan and overall strategy for HIPAA implementation.
- Specify tools to be used by state entities.
- Develop uniform policies on privacy, security and others.
- Consult on policies with representatives from private sector, state government and other public entities affected by HIPAA.
- Evaluate and monitor implementation of HIPAA in California.
- Determine extent of compliance with HIPAA.

- **CalOHI shall:**

- Represent California in discussions at the national level.
- Provide technical assistance to the state entities.
- Provide Department of Finance (DOF) with recommendations on implementation expenditures, including recommendations on BCPs, FSRs and SPRs.
- Review and approve all HIPAA-related funding requests from state entities including requests for appropriations through Budget Act or other legislation and requests for lump sums from DOF.
- Assess staffing levels for HIPAA implementation in state entities and CalOHI once every three years.
- Review and approve contracts related to HIPAA.
- Review and approve all HIPAA-related federal and State legislative proposals.

- Review and approve all HIPAA-related federal and State legislative analysis by state entities.
- Ensure that each state entity claim federal funding where appropriate.
- Establish a Web site to disseminate HIPAA implementation information.

- **CalOHI shall:**
 - Establish an advisory committee to meet at least two times a year. Representatives include county government, consumers, provider groups, federal government, judicial council, health care advocates, nonprofit health care organizations, public health systems and the private sector.
 - Conduct an assessment and report to the Legislature on the results of the assessment of all State entities to determine HIPAA impact.
 - Report to the Legislature, upon its request, any services or programs that are temporarily reduced or suspended due to redirection of funds for HIPAA compliance activities.

- **All state entities shall:**
 - Complete the HIPAA assessment prior to January 1, 2002.
 - Cooperate with the monitoring of HIPAA implementation and information gathering activities.
 - Comply with the decisions of the CalOHI Director.
 - State entities may adopt emergency regulations.

- **The Department of Finance (DOF) shall:**
 - Provide accounting of HIPAA expenditures made by all state entities.
 - Publish annually, in consultation with CalOHI, prior to August 1, guidelines for state entities to obtain additional HIPAA funding from the HIPAA funding pool.
 - Notify the Legislature of each allocation it approves.

- The bill provided **funding** for departmental budget change proposals submitted as part of the May Revision of the Budget for Fiscal Year 2001/02.

- In addition, SB 456 contains a general provision specifying that for funding contingencies not anticipated in the Budget, CalOHI shall:
 - Work with DOF to develop and publish guidelines for state entities to obtain additional HIPAA funds.
 - Establish ongoing support of project management offices for state entities.
 - Develop, revise and issue HIPAA compliance policies.
 - Modify programs.
 - Train staff on HIPAA compliance policies and procedures.
 - Coordinate and communicate with other affected entities.
 - Modify and replace information technology systems.
 - Consult with appropriate stakeholders.